Attachment 1

# California Public Employees’ Retirement System

## California Public Divest from Iran Act
## Annual Legislative Report

## December 31, 2010

CalPERS

**California Public Employees' Retirement System**
**Iran Related Investments – Third Annual Legislative Report**
**December 31, 2010**

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**Executive Summary**

1. This Legislative Report sets out CalPERS implementation of the Iran Act during 2010. This requires that CalPERS identify, monitor, and ultimately divest from companies in the international nuclear, defense, oil and gas sectors, subject to the plan's fiduciary duty which requires that risks and returns take primacy.

2. Since the 2009 Legislative Report was filed, CalPERS has continued to actively engage companies as required by the Iran Act and tracked significant progress towards portfolio companies withdrawing from Iran.

3. During the period covered, a number of companies announced they were curtailing their activities in Iran, or were making significant progress towards this.

4. Company withdrawals from Iran included major multinational corporations, which reduced the value of CalPERS portfolio holdings in companies subject to the divestment provisions of the Iran Act from $2 billion to approximately $300 million. A new fiduciary analysis is therefore being commissioned to establish the impact of potential divestment on the portfolio.

5. CalPERS continues to identify companies potentially subject to the Iran Act, to notify them of the law's provisions, and call for their withdrawal from Iran.

**Introduction**

This third report to the California Legislature is provided by the California Public Employees' Retirement System (CalPERS) under the requirements of Government Code sections 7513.7 and 16642, commonly known as the California Public Divest from Iran Act (Iran Act).

CalPERS is the largest public pension plan in the United States, responsible for over $218 billion in global assets, which are invested to provide retirement and health benefits for over 1.6 million Californians. The CalPERS Board has sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits to its participants and their beneficiaries. The assets of the system are trust funds that must be held for the exclusive purpose of providing benefits to participants in the retirement system and their beneficiaries and defraying the reasonable expenses of administering the system.

**Implementation of the Iran Act**

CalPERS has diligently and comprehensively implemented the requirements of the Iran Act throughout the reporting period and from the time the legislation became effective on January 1, 2008.

The CalPERS Board, senior management and staff continue to devote significant time and attention to ensuring that the provisions of the Iran Act are fully implemented. The issue is continually kept under close review by the CalPERS Senior Executive Corporate Governance Working Group, which includes the President of the Board of Administration, the Chief Executive Officer, the Chief Investment Officer, the Chief Operating Investment Officer, General Counsel, and heads of Government Affairs, External Affairs and Corporate Governance.

CalPERS has commissioned an external firm, MSCI, to provide research for the purposes of identifying companies, and to offer independent advice to assist with monitoring of progress towards withdrawal from Iran, curtailment of activities, or exemption on humanitarian grounds.

This report charts further significant progress towards meeting the objectives of the Iran Act, which are to ensure that companies in relevant sectors curtail or cease business operations in the country, unless the companies are considered exempt on humanitarian grounds. The details are set out in the tables which follow.

Examples of major multinationals which withdrew from Iran include Royal Dutch Shell, which announced that it has agreed to terminate its investments and avoid any new activity in Iran's energy sector in full compliance with the newly expanded U.S. legislation. Likewise, France's Total SA, Norway's Statoil ASA, Brasil's Petrobras and Italy's Eni Spa have also agreed to end all investments in Iran. CalPERS has been calling for withdrawal by these companies since the inception of the Iran Act, and has actively engaged their senior management and boards through correspondence and in person meetings.

During the year companies' withdrawal from Iran accelerated through the imposition of economic sanctions on Iran by the United Nations, the European Union, Japan, South Korea and the United States. The expanded U.S. federal legislation (Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, July 1, 2010) seeks to bar investments of more than $20 million in Iran's energy sector. It also targets international companies doing business with the Iranian Revolutionary Guard or with 17 Iranian banks that have been blacklisted by the U.S. Treasury Department. CalPERS does not hold Iranian companies in its portfolio.

On September 30, 2010, the U.S. Department of State issued a briefing on Iran sanctions implementation. This announced that the United States is taking steps in accordance with the new U.S. law imposing sanctions on Switzerland's Naftiran Intertrade Company for its involvement in the Iranian petroleum sector under the Iran Sanctions Act. CalPERS does not hold shares in this company.

**Requirements of the Iran Act**

The Iran Act sets out a number of requirements, as follows.

The legislation requires that CalPERS identify companies with business operations in Iran, as defined in the Iran Act, or that provide revenue to the government of Iran.

Under the Iran Act, a company has business operations in Iran if the company meets either of the following criteria:

1. The company (A) is invested in or engaged in business operations with entities in the defense or nuclear sectors of Iran or (B) is invested in or engaged in business operations with entities involved in the development of petroleum or natural gas resources of Iran, and that company is subject to sanctions under Public Law 104-172 (any entity that has invested at least $20 million in any year since 1996 to develop petroleum or natural gas resources of Iran), as renewed and amended in 2001 and 2006.

2. The company has demonstrated complicity with an Iranian organization that has been labeled as a terrorist organization by the United States government. (Gov. Code §7513.7(b).)

"Business operations" is defined in the Iran Act to mean "maintaining, selling, or leasing equipment, facilities, personnel, or any other apparatus of business or commerce in Iran, including the ownership or possession of real or personal property located in Iran." (Gov. Code §7513.7(a)(2).)

***Identification***

The process for researching and identifying the companies that have business operations in Iran has been developed with great care and attention to detail. Although the Iran Act does not require third party verification, CalPERS has contracted with an external research group, MSCI, to expand staff's capacity to fully identify companies that meet the criteria of the Iran Act. Beginning with the universe of non-U.S. domiciled companies in CalPERS global equity benchmark, MSCI has developed a variety of methods for identifying companies doing business in Iran. These methods have included regular monitoring of specialized news sources, searches of regulatory public filings, web-crawling technology, cooperation with non-governmental organizations, and review of public company documents.

***Notification***

Once identified, CalPERS has provided timely and full notification to each company, setting out the provisions of the Iran Act, and seeking a substantial response which can be properly assessed.

To ensure the highest level of engagement, letters have been couriered to the most senior board member of each company, for example, the Chairman, CEO or President. The critical provisions are those in the Iran Act that relate to exemption through boycotting the government, curtailing business, and selling company assets, equipment and property. CalPERS has also carefully considered petitions for exclusion on grounds of humanitarian activity and ensured that the intention of the Act has been firmly applied.

To ensure rigor and full enquiry, CalPERS uses MSCI to ensure monitoring is comprehensive and independent. In addition, staff actively pursue a substantive response to these corporate engagements, for example by identifying parent companies where decisions will be made, and if need be, making use of translating services to ensure clear communication.

***Determination***

Following the communication with identified companies, staff make a determination of the companies' status under the Iran Act. The company's response is analyzed by CalPERS staff with assistance from MSCI resources to determine the applicability of the Iran Act's provisions. Where company activity is deemed to be subject to the iran Act, the determination includes an assessment of whether the the company is taking substantial action to withdraw, or making substantial progress towards this. An additional consideration is whether a company is exempt on humanitarian grounds.

In its commitment to fulfill the provisions of the Iran Act, CalPERS has worked diligently as an individual investor and collaboratively with CalSTRS to go beyond letter writing. Engagement with companies is carried out at the highest level. One example is the recent meeting between France's Renault and CalPERS at CalPERS headquarters in Sacramento on October 28, 2010. In this meeting, it was determined that Renault is no longer subject to the Iran Act – a point that company representatives have agreed to disclose in writing. A second example is the first in person meeting that took place in New York on November 16, 2010, between CalPERS, CalSTRS and senior representatives of Russia's Gazprom. Other recent examples of similar meetings include Royal Dutch Shell, Total and Lukoil.

**Monitor and Review**
Where an identified company meets the requirements of the Iran Act, CalPERS continues to monitor and review its activities to ensure new business activities do not bring the company back within the scope of the legislation.

**Continued Investment - blocking of shares**
Where companies are determined to be subject to the divestment provisions of the Iran Act, CalPERS has initially blocked the further purchase of any further shares in the company.

**Fiduciary analysis**
Following the steps set out above, the Iran Act requires that CalPERS divest its shares in those companies that have not provided evidence of exemption from the Iran Act's provision, within 90 days of being notified. However, the Iran Act specifies that this does not "require the board to take action as described…unless the board determines, in good faith, that the action…is consistent with the fiduciary responsibilities of the board as described in Section 17 of Article XVI of the California Constitution." (Gov Code §7513.7(k).)

Hence, the Iran Act requires that divestment be carried out consistent with the California Constitution which determines that the boards of CalPERS and CalSTRS to execute their actions with a singular focus on the purpose of providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.

Upon the determination that companies are subject to the divestment provisions of the Iran Act, detailed analysis of the potential risk and return impact of divestment has been completed. This type of fiduciary analysis has been completed regularly by both internal CalPERS staff and independent external consultants. The internal analysis follows an 11 step process that was originally assembled to facilitate a fiduciary examination of Sudan related divestment. These analytic projects have incorporated the impact of any actions which would be taken the provisions of the Iran Act. The most recent version of the fiduciary analysis was completed in January 2010 by Wilshire Associates, CalPERS general pension consultant. This analysis confirmed the conclusions of the prior examinations indicating that significant explicit trading costs would be incurred in a divestment and that the resulting portfolio would have an increased level of risk relative to the underlying FTSE All World, All Capitalization benchmark used within the CalPERS global equity portfolio. The great majority of the CalPERS portfolio is managed passively to very closely track the benchmark.

The outputs of the various analyses were also reviewed by CalPERS external fiduciary counsel to facilitate their rendering an opinion to the CalPERS board relative to the board's fiduciary responsibility. This opinion indicated that divestment of the companies with Iran business operations could constitute a breach of fiduciary responsibility if such divestment were to result in additional risk and/or costs.

Recent actions taken by various companies will result in their removal from the roster of companies subject to divestment. The removal of these companies requires a recalculation of the fiduciary analysis and a new determination regarding the materiality of possible expense and portfolio impact resulting from a divestment of the remaining companies with Iran business operations. This analysis will be completed in early 2011.

**Liquidation** – The Iran Act requires the sale of any investments in companies subject to divestment within an 18 month time period from the point of such determination.

**Reporting Requirements –** This report includes information requested by the California Assembly Committee on Accountability and Administrative Review on May 12, 2010, to supplement the information formally required by the Iran Act. Responses to the formal requirements are set out below.

***Reporting Requirement of Section 7513.7(i)(3) – Whether the Board has Reduced its Investments in any Companies Described in Section 7513.7(b) ("Covered Companies")***

CalPERS has not reduced its investments in any Covered Companies because it has concluded that it would be against its fiduciary responsibilities to do so, as more fully described below (in response to the reporting requirement under section 7513.7(i)(4)).

***Reporting Requirement of Section 7513.7(i)(4) -- When the Board Anticipates it Will Reduce all Investments in a Covered Company or the Reasons Why a Sale or Transfer of Investments is Inconsistent with the Fiduciary Responsibilities of the Board***

CalPERS has determined that the sale of investments in companies with Iran business operations is inconsistent with CalPERS' fiduciary responsibility to its members.

In January 2010, CalPERS engaged its external pension consultant, Wilshire Consulting, to calculate the cost and assess the impact on CalPERS risk and return profile from a potential Iran divestment. Projected transaction costs of divestment range from a low of $5.83 million to a high of $23.32 million. In addition, the projected annual impact of divestment and exclusion of these investments from the CalPERS portfolio, assuming optimized reinvestment, ranges from +/- $127 million to +/- $194 million. Based on Wilshire's calculation and assessment, CalPERS staff concluded that divestment would have a deleterious impact on investment performance by generating significant transaction costs and increasing tracking error or investment risk. (see appendix for full details).

The CalPERS Board, with advice from external fiduciary legal counsel and contemplation of staff and Wilshire cost analysis, concluded that it would be inconsistent with the Board's constitutional fiduciary duties to implement a divestment of companies with Iran business operations solely to comply with the Iran Act. The board directed staff to continue with monitoring and review activities to strongly encourage the taking of substantial action by companies with Iran business operations.

CalPERS has begun and will be completing a recalculation of the divestment cost and impact analysis in early 2011 in response to the significant reduction in companies subject to divestment.

***Reporting Requirements of Section 7513.7(i)(6) – Detailed Summary of Investments Transferred to Funds or Accounts Devoid of Companies with Business Operations in Iran as Described in Section 7513.7(f)***

CalPERS investment activity in the types of fund structures referenced in section 7513.7(f)(1)(2)(3) do not contain exposure to companies with Iran business operations to the best of its knowledge. No transfers have been made to different fund or account structures.

***Reporting Requirements of Section 7513.7(i)(7) – Annual Calculation of Costs or Investment Losses or Other Financial Results Incurred in Compliance with the Provisions of the Iran Act***

CalPERS has incurred substantial expense in complying with the provisions of the Iran Act as a result of its engagement of an external research group to identify companies that meet the criteria of the Iran Act, its external pension consultant to calculate the cost and assess the impact on CalPERS risk and return profile if CalPERS were to divest its shares in the Covered Companies, and external fiduciary counsel. In addition, CalPERS has invested significant staff time and resources in complying with the Iran Act.

**Progress on Company Withdrawal from Iran**

The table that follows sets forth CalPERS current investment holdings in the non-US companies that have been identified as having business operations in Iran, as defined by the legislation.

The progress on company withdrawal from Iran or exemption from the Iran Act is as follows:

1. CalPERS holds portfolio positions in 7 companies that appear subject to the divestment provisions of the Iran Act.

2. CalPERS holds portfolio positions in 7 companies that were newly identified in 2010 as potentially subject to the Iran Act.

3. CalPERS holds portfolio positions in 23 companies that continue to be monitored regarding Iran activity, if any.

4. CalPERS no longer holds portfolio positions in 3 companies that were reported in the previous Legislative Report.

**Conclusion**

CalPERS continues to diligently implement the requirements of the Iran Act. Through this process CalPERS has tracked significant progress in company withdrawal and reduction of activity in Iran. In part, this reflects the growing geo-political risk in the country, but it also demonstrates a positive response to active shareowner engagement and economic sanctions.

CalPERS will continue to identify, monitor, engage with companies in the portfolio and review their status under the Iran Act. Companies continue to withdraw, curtail operations or simply run down contracts in order to receive payments due to them from the Iranian government. Others are deciding to not proceed with planned investments, even where this allows competitors to step in.

It is clear that the situation is changing rapidly; however, CalPERS will ensure its commitment to diligent compliance with this legislation will continue, that the Board is kept fully apprised of developments, and that staff are positioned to review our response as required.

| | TABLE 1<br>7 Companies Subject to Divestment Provisions | | | | |
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| | *Company Name (Domicile)* | *Summary of Ties to Iran* | *Summary of Changes From 2009* | *Shares Held by CalPERS 11/30/2010* | *Market Value ($) of Shares Held by CalPERS 11/30/2010* |
| 1 | Air Liquide<br><br>(France) | Air Liquide has an office in Tehran, Iran.<br><br>Air Liquide acquired Lurgi from GEA Group in July 2007. Lurgi has been involved in four large petrochemical projects there, valued at approximately USD750 million. Lurgi's business activities in Iran had accounted for up to 20 percent of its total sales before the acquisition by L'Air Liquide. Moreover, l'Air Liquide Group owns two brands: Saf-Fro and Oerlikon, whose commercial managers are based in Iran. The company confirmed that, further than through Lurgi, it sells, through distributors, some welding consumables and some healthcare products in the country. The total group revenue from Iran in 2009 amounted to EUR 20 million (USD28.66 million), corresponding to 0.17percent of Air Liquide's annual revenue.<br><br>. | In February 2010, the company was reported to have delivered on a Methanol-to-Propylene (MTP) project in Iran, as part of a contract signed in 2004 with Iran's Petrochemical Industries Design and Engineering Company (one of NIOC's major domestic contractors).<br><br>L'Air Liquide confirmed in a communication in April 2010 that Lurgi has several ongoing projects in its portfolio in Iran, mostly linked to natural gas, to be delivered progressively up to August 2011.<br><br>CalPERS followed up with Air Liquide in August 2010 to confirm the completion of its one major engineering project which was expected to end in 2010 with a response pending. | 828,035 | $97,226,046 |
| 2 | Aker Solutions ASA<br><br>(Norway) | Norway's Aker Kvaerner Powergas provides refining facilities for Iranian petroleum. The company signed a USD 25 million contract with private Iranian engineering company Hirbodan in 2005 as the project manager for the offshore gas field South Pars Phases 9 and 10. The project was to last for approximately 10 years, employ 10 Aker Kvaerner staff and was Aker Kvaerner's first field development project in Iran, according to European financial newswire Hugin on April 27, 2005.<br><br>Aker Kvaerner won a contract to develop Phases | Engagement with Aker in June 2010 confirmed that the company has minor business activities in Iran. The extent of these activities are small and is conducted in accordance with applicable laws and regulations. Aker's investments in Iran are far below the investment limit currently set at USD 20 million per year.<br><br>In August 2010, CalPERS provided Aker with a fully transparent description of what MSCI believes to be the company's business operations which exceed the USD 20 million threshold. A response from Aker is pending. | 777,956 | $11,512,561 |

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| | | 15 and 16 of Iran's South Pars offshore gas field. Associated with The Force, which is separate from Iran's regular military services, is authorized by the Iranian constitution to own and develop commercial enterprises in peacetime. Also, secured an order for six container ships from the Islamic Republic of Iran Shipping Lines. The company was also involved in a project building a dicalcium phosphate plant. | | | |
| 3 | CNOOC Ltd.<br><br>(Hong Kong) | Despite official counterparties' statements mentioning CNOOC as partner for project on Iranian soil, the company never confirmed any project; yet, as contractor it called for tenders in Iran in 2009. It also stated that its affiliates or subsidiaries can be involved in restricted countries by the United States Sanctions Acts and State-level legislations.<br><br>In March 2009, Iran's oil ministry stated that CNOOC had reached a deal to develop the North Pars gas field in the Persian Gulf (NP). While the company never confirmed the signature, in October 2009, the company called for a tender to construct 4 jackets for NP project. Drilling will start when the jackets are constructed. CNOOC is reportedly expected to invest USD5 billion in upstream gas projects, and USD11 billion in gas liquefaction (downstream) facilities, until 2012.<br><br>According to an industry source, CNOOC signed a further agreement to initial drilling that would begin with an offshore rig already in operation, and could continue with a CNOOC subsidiary delivering one or two extra rigs in 2010.<br><br>Iran and CNOOC had already signed a Memorandum of Understanding in 2006 for gas supply from Iran to China as from 2011, and rumors | Correspondence dated September 2010 from CNOOC Ltd confirms that the company has no business operations in Iran.<br><br>CNOOC Ltd. is the listed arm of China National Offshore Oil Corp. (CNOOC) which is 70-percent owned by the Government of the People's Republic of China. CNOOC Ltd. itself does not have operations in Iran (as stated in its 2009 annual report in form 20-F) but is involved through CNOOC which holds a majority interest in the former.<br><br>In its 2009 annual report in form 20-F, issued in April 2010, CNOOC Ltd. stated that the company is possibly subject to United States sanctions, as a result of "current or future activities by CNOOC Ltd. or its affiliates in countries that are the subject of U.S. sanctions such as Iran and Sudan". However, the company stated in September 2010 it has no business operation in Iran. | 13,985,031 | $31,399,143 |

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| | | of an imminent signature of a binding agreement spread since 2007. In July 2009, CNOOC was reported by the Iranian Offshore Oil Company's managing director to have signed a cooperation agreement with Malaysia-based Amona for the development of Resalat oilfield. Within the EUR 1-billion ($1.4-billion) deal to develop the Resalat oilfield, CNOOC is to establish marine installations. | | | |
| 4 | Daelim Industrial Co.<br><br>(Korea) | Daelim Industrial Co.'s website lists several offices in Iran, where the company is active. Currently, Daelim Industrial is collaborating with Iranian and German companies to upgrade the Esfahan refinery in Iran. In addition, it has secured a deal to build liquefied natural gas and liquefied petroleum gas tanks in Tombak, located in southern Iran. The Esfahan refinery project, which is to be completed in 2011, aims to give Iran more refining ability so that it no longer needs to import fuel.<br><br>In 2009, it was reported that Daelim has secured a deal to build tanks in southern Iran. Installed a major industrial system of the gas field development in Iran. Provides a fully integrated communication solution to equipment for an onshore gas plant and three offshore platforms of the South Pars gas field in Iran. Constructs a gas refinery and an ethyl benzene plant at Bandar Asslouyeh, Iran.<br><br>The company's 2008 Annual Report lists the following projects in progress in Iran: LNG & LPG Tank (2007-2011), Esfahan Refinery Upgrading Project (2007-2012) and AKPC LDPE Project (2005-2009). Daelim is carrying out the construction of a total of five LNG and LPG storage tanks on a turnkey basis in association with local | CalPERS most recent attempt to engage Daelim in August 2010 has yet to be responded to by the company. | 120,521 | $11,278,703 |

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| | | contractor Ghorb Nooh. The client is National Iranian Oil Company, and the work is valued at USD 320 million. Three of the LNG tanks are to have capacities of 140,000 metric tons each and two capacities of 30,000 metric tons each in Tombak, southern Iran.<br><br>Daelim awarded a contract to Metito, a wastewater treatment company, to install a major industrial system for phases 6, 7 and 8 of the gas field development in Iran. Daelim Industrial won contracts as part of a consortium to construct a gas refinery and an ethyl benzene plant. | | | |
| 5 | Man SE<br><br>(Germany) | In its 2008 Annual Report, MAN Ferrostaal disclosed that it completed a turnkey expansion of an 830 MW gas-steam power plant in Fajr, Iran. The total value of the contract was EUR 75 million (USD105.7 million). Ferrostaal's Industrial Plants division also received orders for a series of procurement packages from Kavian Petrochemical Company (a subsidiary of Bakhtar Petrochemicals, whose shareholders include Iran's National Petrochemical Company and Pension funds of Petroleum Ministy) for an olefin complex in Iran and the Iranian company PIDEC for use in Abadan refinery. Another Man subsidiary, Man Nutzfahrzeuge AG, sells vehicles in Iran, and Man's Turkish subsidiary also exports buses to Iran. In addition, MAN GHH Borsig, a company subsidiary in Iran, supplies various types of mining equipment to the Iranian mining industry.<br><br>In 2009, it was reported that Man SE has a service facility in Iran and supplies natural gas service stations to an entity in Iran. Also, produces, supply, assemble and commission equipment to expand its smelting plan in Bandar Abbas, Iran. Another | MAN SE currently has two offices in Iran through its subsidiaries MAN Turbo AG and MAN Ferrostaal, as reported in its 2009 annual report.<br><br>CalPERS most recent attempt to engage Daelim in August 2010 has yet to be responded to by the company. | 445,044 | $52,441,474 |

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| | | subsidiary sells vehicles in Iran. Supply natural gas engines annually to Iran Khodro Diesel. Assembles buses and trucks and heavy tractors and exports buses to Iran. Also ordered a printing press for the production of schoolbooks. In addition, supplies various types of mining equipment to the Iranian mining industry. | | | |
| 6 | Mitsui & Co. Ltd.<br><br>(Japan) | Mitsui is involved in Iran through a local office in Tehran. Mitsui's Iran-related operations primarily consist of business activities in which the company acts as an agent for Japanese companies such as Japanese engineering and heavy machinery companies, assisting them with various aspects of entering into and completing industrial projects in Iran. In addition, Mitsui has arranged financing provided by export credit agencies for the principals of industrial projects in Iran. Furthermore, under limited circumstances, Mitsui is also engaged in Iran-related business activities as a principal, where it purchases crude oil, oil products and petrochemical products from Iranian entities and sells them in Japan and elsewhere.<br><br>The company further states that currently it has only one asset located in Iran, a subsidiary which renders services to support Mitsui's implementing the above-mentioned activities. However, the company is not involved in the provision of petroleum-related goods or services to Iran.<br><br>Mitsui renders services that primarily consist of transactions in which Mitsui acts as a mere agent for Japanese companies such as engineering and heavy machinery companies. It also provided Japanese and other countries "export credit agencies" for industrial projects in Iran. It added, those industrial projects have been planned, owned | In September 2010, through follow-up correspondence with CalPERS, Mitsui states that it has not made any investment in or engaged in business operations with entities in the defense or nuclear sectors of Iran or with entities involved in the development or natural gas resources of Iran.<br>And, the extent of its knowledge has not had a business relationship with any Iranian organization that has been labeled as a terrorist organization by the United States government. | 4,958,584 | $77,365,039 |

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| | | and operated by the companies in which the government of Iran has a direct or indirect equity share; however, Mitsui is not a party to the related contracts with those companies.<br><br>Mitsui has been involved in two projects in advanced stage of construction but not yet completed. Mitsui claims that it plans no further activities once the two ongoing ones are completed. The company states in its 2010 20-F that it does not plan to expand its operations in Iran. | | | |
| 7 | OAO Gazprom<br><br>(Russia) | Gazprom OAO, through its subsidiary Gazprom Neft, has been involved in Iran (South Pars phases 2 and 3) from 1997 to 2004, when it handed over the built facilities. It is currently still being paid back from the National Iranian Oil Company (NIOC) for the project with payments expected to cease in the next two years. However, because of the involvement of its subsidiary Gazprom Neft in the Azadegan oil field, the company still has an equity tie with Iran.<br><br>Gazprom confirmed in a written communication to have been involved in the second and third phases of the South Pars gas field since 1997, with a total cost of $2 billion, although reported up to USD 4 billion from international press reports. The project was complete and handed over to the NIOC, in 2004. Gazprom reported to be currently recovering costs.<br><br>In March 2010, the company confirmed that in 2008 it signed a memorandum of understanding with the NIOC, to review oil and gas cooperation projects. Involvement in the Iranian oil sector though Gazprom Neft. In September 2008, Gazprom Neft, the oil subsidiary of Gazprom, agreed to develop | In November 2010, Company representatives stated to CalPERS that it is Gazprom's belief that the company is currently in compliance with international sanctions imposed in accordance with resolutions of the UN Security Council, Russian law, U.S. law and laws of jurisdictions where the company operates.<br><br>Existing memorandums of understanding between Gazprom and the National Iranian Oil Company have either expired as recently as July 2010 or not been enacted upon – meaning the company has not taken any decision with respect to participation in any projects or performed any work in relation to implementation of any projects contemplated by the memorandum. | 2,991,918 | $66,059,077 |

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| | | the North Azadegan oilfield and produce oil at three other fields on buy-back contracts. The company confirmed in June 2008 that it was to buy new assets in Iran and that it was ready for a $100-million buy-back contract.<br><br>In 2009, it was reported that Gazprom provided construction and installation of two off-shore production platforms, drilling exploration wells, laying two off-shore pipelines and construction of an on-shore gas processing facility. Also, acquired a section of the Iran-Armenia pipeline and the fifth energy unit of the Razdan thermal power plant. The U.S. Department of State waived sanctions under Section 9(c) of the sanctions act with respect to activities in the South Pars field only and not to any other activities in Iran. | | | |
| | | | Category Total | | $347,282,043 |

| | TABLE 2<br>7 Companies Under Review | | | | |
|---|---|---|---|---|---|
| | *Company Name (Domicile)* | *Summary of Ties to Iran* | *Summary of Changes From 2009* | *Shares Held by CalPERS 11/30/2010* | *Market Value ($) of Shares Held by CalPERS 11/30/2010* |
| 1 | Edison Spa<br><br>(Italy) | As of September 2010, Italy-based Edison is involved in Iran through a four-year exploration deal signed in January 2008, regarding the offshore oil and gas block Dayyer, which spans 8,600 square kilometers in the Persian Gulf, tendered by the state-owned National Iranian Oil Company (NIOC). The exploration contract signed between Edison and the NIOC for the Dayyer block envisages an exploration period of four years, during which studies will be made, seismic data will be acquired and processed, and one exploration well will be drilled. Investments will be approximately EUR 30 million (USD 40 million) in total. If reserves are discovered, Edison will directly enter the development phase. | CalPERS initiated engagement with Edison Spa in August 2010 with response pending. | 1,916,209 | $2,019,236 |
| 2 | OMV Akt.<br><br>(Austria) | OMV has an equity-tie with Iran through its subsidiary OMV (Iran) Exploration GmbH, a liaison office in Teheran, as well as a 10-percent stake in a Liquefied Natural Gas (LNG) plant. Nevertheless, it withdrew from other activities such as South Pars development and exploration in the Mehr block. The company reported that as of December 2009, OMV (Iran) Exploration GmbH accounted for EUR 5.9 million (USD8.45 million), corresponding to 0.02 percent of the company's "consolidated balance sheet". OMV states it has no ongoing operations, nor revenue.<br><br>On its Web site, the company justifies it presence in Iran under Austrian energy security (it is 31.5-percent owned by the Austrian State) and the possibility to increase human rights conditions for its local employees. In July 2009, OMV moved some of its staff out of Iran, waiting for a better political situation after the contested elections in | CalPERS initiated engagement with OMV in June 2010. Through subsequent engagement, the company states to have an office but no activities in or revenue from Iran. There are no further activities in the Mehr Block in Iran. And, in fall 2009, OMV withdrew from its non-binding discussions concerning the South Pars Field phase 12 development.<br><br>As a European company, OMV complies with all relevant laws and regulations of the European Union, Austrian laws, and the laws of the respective country in which it is active. | 525,075 | $17,696,231 |

TABLE 2
7 Companies Under Review

| | *Company Name (Domicile)* | *Summary of Ties to Iran* | *Summary of Changes From 2009* | *Shares Held by CalPERS 11/30/2010* | *Market Value ($) of Shares Held by CalPERS 11/30/2010* |
|---|---|---|---|---|---|
| | | June 2009.<br><br>In 2007, OMV signed with the NIOC a non-binding Heads of Agreement including a participation in the South Pars gas field (phase 12), a liquefaction plant for Iran LNG, and subscriber agreements with Iran LNG. At the time of signature, the Iran LNG project was assessed USD4.35-billion, of which OMV was to hold a 10-percent stake. However, in 2009 OMV withdrew from the South Pars development discussions. | | | |
| 3 | Petrofac Limited<br><br>(UK) | Petrofac Limited is involved in Iran through Petrofac Iran (PJSC) with an office in Teheran, as listed on its Web site as of September 2010. It is also active in the petroleum-related industry. In 2007, the company completed a three-year maintenance project in Iran for the South Pars Gas Company, a subsidiary of Iran's state-owned National Gas Company. This project, worth approximately USD 30 million, accounted for less than 1 percent of its 2007 revenues. | CalPERS initiated engagement with Petrofac in October 2010 with response pending. | 663,129 | $14,365,199 |
| 4 | PTT Public Company Ltd.<br><br>(Thailand) | PTT Public Company Limited does not have any involvement in Iran, but it is the parent company of PTT Exploration and Production Pcl (PTTEP), and PTT Chemical Public Co (PTTCH), both of which are involved in Iran. | CalPERS initiated engagement with PTT in June 2010. Through subsequent engagement, the Company has provided CalPERS greater disclosure of its involvement in Iran through PTTEP Iran.<br><br>In 2010, PTTEP Iran has conducted a feasibility study and post-well evaluation in the Saveh Block. Further investment will hinge upon the evaluation result. | 2,388,200 | $24,174,304 |

| TABLE 2<br>7 Companies Under Review | | | | | |
|---|---|---|---|---|---|
| | *Company Name (Domicile)* | *Summary of Ties to Iran* | *Summary of Changes From 2009* | *Shares Held by CalPERS 11/30/2010* | *Market Value ($) of Shares Held by CalPERS 11/30/2010* |
| | | | As of 2010, PTTCH has been holding 10% stakes in MEHR Petrochemical, and Iranian petrochemicals plant with high density polyethylene production capacity. PTTCH has no intention to increase its stake in MEHR. | | |
| 5 | Schlumberger<br><br>(Netherlands) | According to its website, Schlumberger has an office, Well Services of Iran Schlumberger Methods, in Tehran, Iran.<br>A December 7, 2008, story from the Boston Globe newspaper reported that US oil-services firm Schlumberger Ltd. used a legal loophole to supply machines with radioactive chemicals to Iran. The Globe story said its investigation revealed the company sold a 2,000-pound drilling tool to Iran powered by a kind of radioactive chemical that scientists say could fuel a so-called 'dirty bomb'. US officials have sought to keep the chemical out of Iranian hands, but the sale was permitted under regulations allowing multinational corporations' foreign subsidiaries to engage in actions that would be illegal for their U.S. parent companies. Schlumberger acknowledges its drilling tool has been used in Iran, but a company spokesman pointed out in the Boston Globe story that the multinational followed "all applicable laws and regulations."<br><br>Schlumberger sponsors a "Schlumberger Excellence in Educational Development, or SEED" program at a school for boys in Tehran, according to its website. SEED is a | CalPERS re-examined with Schlumberger in August 2010 with response pending. | 4,099,569 | $317,060,666 |

| | TABLE 2<br>7 Companies Under Review | | | | |
|---|---|---|---|---|---|
| | *Company Name (Domicile)* | *Summary of Ties to Iran* | *Summary of Changes From 2009* | *Shares Held by CalPERS 11/30/2010* | *Market Value ($) of Shares Held by CalPERS 11/30/2010* |
| | | volunteer-based, non-profit education program focused on underserved communities where Schlumberger people live and work. SEED empowers employee-volunteers and educators-including teachers, parents and other mentors-to share their passion for learning and science with students aged 10-18. | | | |
| 6 | SGS SA<br><br>(Switzerland) | According to its website, SGS Iran is a member of the SGS group and has been present in Iran since 1976. SGS Iran was incorporated in January 1976 as a local company under the Iranian laws. The company is primarily involved in verification, testing and certification in a number of different sectors which include agriculture, oil & gas, automotive, environment, industrial, life science among others. The company currently has over 250 employees in 9 branches.<br><br>According to a press release from SGS dated January 5, 2000, the Customs of the Islamic Republic of Iran and SGS signed a memorandum of understanding introducing a trade facilitation program to speed up customs clearance for importers who make use of this new service. | CalPERS initiated engagement with SGS in August 2010. Through subsequent engagement, the company stated that it does not inspect any arms or ammunition, no does SGS provide any assistance to trade which might fund or otherwise facilitate terrorist activities.<br><br>SGS operations in Iran are limited and largely confined to the operations of its 50% subsidiary in Arya-SGS Quality Services, Private Joint Stock co., Teheran. This affiliate generated approximately CHF 29 million in revenue in 2009 and SGS Group generated CHF 4'7 billion. The bulk of SGS business in Iran is Industrial Services, Minerals and Oil, Gas & Chemicals, and a little bit in Agricultural and Systems Certificates. The purpose of this service is to ensure proper quantity and quality of the goods.<br><br>SGS also stated, while they do not condone the behaviors of certain governments of the world, they feel that boycotting countries outright would equate | 16,322 | $26,905,835 |

| TABLE 2<br>7 Companies Under Review | | | | | |
|---|---|---|---|---|---|
| | *Company Name (Domicile)* | *Summary of Ties to Iran* | *Summary of Changes From 2009* | *Shares Held by CalPERS 11/30/2010* | *Market Value ($) of Shares Held by CalPERS 11/30/2010* |
| | | | to withholding services useful to those most in need, to the extent that our operations do not create undue risk to SGS, nor provide direct or indirect support to terrorism. | | |
| 7 | TOYO Engineering Corporation<br><br>(Japan) | As of September 2010, Toyo Engineering lists on its Web site to have an office in Tehran, Iran. According to its 2009 Annual Report, and as confirmed by the company in September 2010, Toyo in Iran works on a Gas Processing Plant EPC contract for Petropars Limited and has completed an ammonia plant for Petrochemical Industries Development Management Company of Iran. Toyo Engineering has emphasized that for all of these projects that it provides only engineering and construction services. | CalPERS initiated engagement with TOYO in June 2010. Through subsequent engagement, it is the company's belief that it does not meet the criteria as a sanctionable company because, firstly, TOYO's activities do not meet the applicable dollar threshold thereunder and, secondly, Toyo's activities do not fall into the "investment" defined thereunder. Therefore, substantial action will not be taken. | 263,000 | $901,051 |
| | | | Category Total | | $403,122,523 |

| TABLE 3<br>26 Companies Being Monitored | | | | | |
|---|---|---|---|---|---|
| | *Company Name (Domicile)* | *Summary of Ties to Iran* | *Summary of Changes From 2009* | *Shares Held by CalPERS 11/30/2010* | *Market Value ($) of Shares Held by CalPERS 11/30/2010* |
| 1 | Alstom<br><br>(France) | Supplies gas treatment plants in Southern Iran and providing the aluminum business with the necessary technology to control its air emissions. Also, provided 100 locomotives to solve the shortages to Iran Railway. Involved in power plant construction and operation of power generating and transmission equipment in Iran. Other projects include construction of a fuel processing plant in Northwest Iran and the design and installation of drive application for a petrochemical plant in Shatopet, Iran. Also, supplies six GT13E2 gas turbines and accompanying equipment for the Hormozgan power plant near Bandar Abbas, Iran. | Business operations appear to be limited to electrical power and transportation and not the Iran Act’s specified categories. | 922,085 | $38,092,270 |
| 2 | Danieli & Co<br><br>(Italy) | Danieli has customers located in Iran for the company’s products. | Business operations do not appear in the Iran Act’s specified categories. | 174,522 | $3,219,418 |
| 3 | ENI Spa<br><br>(Italy) | In 2009, it was reported that ENI was to start developing Phase 3 of the Darkhovin oilfield. ENI's work on the field's second phase is running far behind schedule, "ENI operates in Iran in the exploration and production of hydrocarbons and in the oilfield services, construction and engineering sector." ENI has emerged as a potential developer of Phases 19-21 of Iran's vast South Pars gas field, Italy's ENI will continue to do business in Iran amid American pressure for companies to cut investment in the country. | As of 2010, ENI is not identified by MSCI as subject to the “business operations” provisions of the Iran Act.<br><br>On September 30, 2010, the U.S. Department of State announced Eni’s commitment to terminate their investments in Iran and avoid any new activity in Iran’s energy sector. | 13,454,945 | $271,481,986 |

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| 4 | Finmeccanica SPA<br><br>(Italy) | Supplies three alternators to Iran. In addition, supplies gas turbines and related equipment and also set up the Tuga Production Facility in Iran with local partners to construct the gas turbines. | Business operations appear to be limited to electrical power and not the Iran Act's specified categories. | 1,295,965 | $14,685,524 |
| 5 | GS Engineering & ConstructionCorporation<br><br>(Korea) | GS Engineering & Construction Ltd. was awarded a contract to develop phases 9 and 10 of the Iranian offshore South Pars oilfield. It has the engineering, procurement and construction services contract for these phases of the project. Among these are contracts to increase the annual capacity of the existing linear alkyl benzene plant. Overseas projects for the company included a major chemical plant in Iran, the Korea Times reported in December of that year. | As of 2010, the company is not identified by MSCI as subject to the "business operations" provisions of the Iran Act.<br><br>On September 30, 2010, the United States Department outlined a list of foreign companies that have pulled out of Iran's energy, finance, and insurance sectors-including GS Engineering & Construction. GS Engineering & Construction stated it was canceling a 1.2 billion dollar gas processing project in Iran | 109,827 | $9,472,745 |
| 6 | GS Holdings<br><br>(Korea) | GS Holdings Corp. lists a Tehran, Iran, office. GS Holdings Corp. is the holding company for the energy-focused GS Group of South Korea. The equity tie is justified by one subsidiary's (GS Engineering & Construction) branch office in Tehran and by the past and current contracts related to the development of the gas industry.<br><br>In October 2009, the company was reported to have signed a contract worth EUR 1.24 billion (USD1.83 billion) with Iran's Pars Oil and Gas Company, for sweetening of gas from phases 6, 7, and 8 of the South Pars field. In June 2009, GS Engineering & Construction declared to have received a USD500-million letter of intent from Iran LNG Co., a unit of National Iranian Oil Co. (NIOC), to build a liquefied natural gas (LNG) plant in Iran. The deal provided for completion of the plant by February 2012.<br><br>In March 2009, the GS Engineering & Construction completed the construction of a USD 2.1 billion gas-processing plant in Assaluyeh, southern Iran. Past deals: | In April 2010, the company maintained that there are no business ties presently with Iran, either at the Holding company level or at the Subsidiaries' level, and it has no plans to venture into business relationship with any entities from Iran in the future.<br><br>In August 2010, CalPERS provided the company with a fully transparent description of what MSCI believes to be the company's business operations. A response from GS Holdings is pending. | 166,927 | $9,056,157 |

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| | | development of South Pars field. Previously, in 2003, GS was assigned an engineering, procurement and construction services contract (worth USD655 million), to develop phases 9 and 10 of the Iranian offshore South Pars gas field. The contract was in consortium with two Iranian companies (Oil Industries Engineering & Construction Co. and Iranian Offshore Engineering & Construction Co.), and was worth USD1.6 billion. | | | |
| 7 | Hyundai Engineering<br><br>(Korea) | Completed development of the South Pars gas processing plants and provide Iran a special economic zone with natural gas. Also, built a natural gas processing plant in a coastal south of Tehran as part of the South Pars development process. | | 225,961 | $12,317,350 |
| 8 | Indian Oil Corporation, Ltd.<br><br>(India) | As of August 2010, Indian Oil Corporation (IOC) is involved in Iran mainly in an all-Indian joint venture with Oil and Natural Gas Corporation and Oil India for the development of the Farsi gas field. Indian Oil Corporation owns the Farsi Exploration Block in Iran. In addition, it is involved in a consortium which signed a contract for the purchase of tons of liquefied natural gas per year from Iran. | CalPERS has no current position. | 0 | $0 |
| 9 | INPEX Corporation<br><br>(Japan) | In 2009, it was reported that Inpex Holdings signed a contract to evaluate and develop the Azadegan Field in western Iran, on the border with Iraq | As of 2010, INPEX is not identified by MSCI as subject to the "business operations" provisions of the Iran Act.<br><br>Following CalPERS engagement, INPEX has stated in writing (October 2010) of the company's withdrawal from the Azadegan development project in Iran. Therefore, the company is not longer subject to the Iran Act. | 8,536 | $43,867,112 |

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| 10 | Itochu Corp<br><br>(Japan) | The company has a subsidiary in Tehran, Iran and employs people and has had a sales agency agreement with Iran company. | | 3,838,500 | $35,557,789 |
| 11 | JGC Corporation<br><br>(Japan) | JGC is shown to have an office in Tehran, Iran. JGC Corp. is reported to be a contractor for South Pars field Phase 6 in Iran. JGC Corp. formed a joint venture awarded the engineering, procurement and construction services for a large-scale gas processing plant. The company is not participating in any other project in Iran, as an engineer, constructor or investor and has no assets in Iran. | As of 2010, JGC is not identified by MSCI as subject to the “business operations” provisions of the Iran Act.<br><br>It has been concluded that JGC has curtailed all activities in Iran. As a result, MSCI has removed the Company from CalPERS Identified Company List. | 530,950 | $10,274,203 |
| 12 | KunLun Energy Company (Formerly CNPC Hong Kong)<br><br>(Hong Kong) | CNPC Hong Kong announced its name change in KunLun Energy Company Limited (Kunlun) in February 2010. Kunlun is a publicly traded subsidiary of the state-owned China National Petroleum Corporation (Sinopec), which holds a 52.7 percent interest. It is assessed as tied to Iran because of its parent company's ties. Sinopec is deeply involved in Iran through oil exploration contracts and interests, refining, and commercialization of gas processing products. Kunlun has had a service contract for the Masjed Soleiman oilfields in Iran and has previously participated in the development of Block 11 of the South Pars gas field. Also, Kunlun is negotiating a seven-year contract to develop Block 14 of the South Pars gas field, which would give CNPC access to the estimated 370 billion cubic meters of gas reserves.<br><br>In late July 2008, the Iranian government reached a USD100-billion-worth agreement with Sinopec, in which the firm agreed to purchase Iranian natural gas and help develop one of Iran's largest oil fields, according to an editorial in the Washington Times newspaper. In exchange, Tehran agreed to export 150,000 barrels of oil per day to China at "market prices." According to a ChinaDaily.com report in December 2007, the Iranian Oil | CalPERS has no current position. | 0 | $0 |

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| | | Ministry awarded a USD2-billion contract for engineering services at the Yadavaran oilfield to Sinopec, along with 51 percent ownership of the project. This will be carried out in two subsequent phases of four and three years, respectively. | | | |
| 13 | Mitsui Engineering & Shipbuilding<br><br>(Japan) | Mitsui Engineering & Shipbuilding Co. facilitated the construction of a high density polyethylene plant. In addition, were awarded a contract for the design, construction and delivery of a mono-ethylene glycol plant. In 2009, it was reported that the company entered into a consortium to facilitate the construction of high density polyethylene plant in Assaluyeh, Iran. Also, construction of a monoethylene glycol unit in Gachsaran. Also, design, construction and delivery of a mono-ethylene glycol plant on Kharg Island. | As of 2010, the company is not identified by MSCI as subject to the “business operations” provisions of the Iran Act.<br><br>MSCI concluded Mitsui Engineering & Shipbuilding Co. stated that it has completed all work on high-density polyethylene plants in Iran. With the completion of the two HDPE plants the Company does not appear to have any remaining activities in Iran that would trigger the California Divestment Law. As a result, MSCI has removed the Company from CalPERS Identified Company List. | 1,730,000 | $3,985,794 |
| 14 | Petroleo Brasileiro (Petrobras)<br><br>(Brazil) | Owns drilling operations in two exploration blocks in the Tusan field in Iran near the Persian Gulf. Is expected to sign an agreement for the drilling of three wells in two exploration blocks off the shore of Iran in the Caspian Sea. | As of 2010, the company has ceased Iran operations to concentrate on development of Brazilian offshore resouirces. | 18,131,951 | $330,147,818 |
| 15 | Royal Dutch Shell PLC<br><br>(Netherlands) | The company has four offices in Iran. Shell signed an agreement to develop the Persian LNG project to the next stage of design. Under the agreement, Shell to develop phases of the South Pars fields in the Northern Gulf as a contractor. A service contract with respect to development of these phases of the South Pars fields by Shell. Shell states "We have not yet taken a decision as to whether to proceed with the Persian LNG project. Shell’s main concern is getting the remaining significant commercial and engineering work right in its interest in Pars Oil Co., the original lubricants venture. Shell was one of a handful of suppliers providing Iran with gasoline. | As of 2010, Shell is not identified by MSCI as subject to the “business operations” provisions of the Iran Act.<br><br>Through CalPERS’ continued engagement with Royal Dutch Shell in 2010, the company announced that it has agreed to terminate their investments and avoid any new activity in Iran’s energy sector in full compliance with the newly expanded U.S. legislation. This termination of business operations has been confirmed by the U.S. Department of State. | 18,924,241 | $565,799,459 |

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| 16 | Saipem S.p.A<br><br>(Italy) | Saipem has a branch office in Tehran, Iran, and two platforms drilling for oil for Italian oil company. The company was pre-qualified for a engineering, procurement, construction and management contract. | As of 2010, Saipem is not identified by MSCI as subject to the “business operations” provisions of the Iran Act.<br><br>It was concluded that Saipem is involved in Iran as a contractor for ENI, its parent company. The tie the company has with Iran is therefore non-equity. Based on this information MSCI has revised its profile of Saipem, which caused the Company to be removed from the CalPERS Identified Company List. | 1,042,071 | $43,489,881 |
| 17 | Samsung Engineering<br><br>(Korea) | Owns a subsidiary in Iran, Iran ABS Plant | Business operations do not appear in the Iran Act’s specified categories. | 151,888 | $24,301,556 |
| 18 | Sasol Limited<br><br>(South Africa) | Sasol has a regional office which services Iran. Sasol is involved in Iran through Arya Sasol Polymers Company, a 50-50 percent joint venture with a subsidiary of Iran's state-owned National Petrochemical Company (NPC). The company operates three facilities in Iran, one of which is to be considered a petrochemical facility.<br><br>In 2009, it was reported that Sasol completed the construction of a polymer facility in Iran. | Through subsequent engagement with Sasol in September 2010, CalPERS is awaiting the results of MSCI evaluation of the company’s most recent 20-F filing (September 28, 2010) with the U.S. SEC for applicability with the California Iran Act. | 1,061,331 | $47,194,845 |
| 19 | SINOPEC Kanton Holdings Ltd.<br><br>(Hong Kong) | Sinopec Kantons Holdings is a publicly traded subsidiary of China Petroleum & Chemical Corp., which has equity ties to Iran's oil industry. | CalPERS has no current position. | 0 | $0 |

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| 20 | SNC Lavalin Group<br><br>(Canada) | Has experience in Iran in projects related to chemicals and petroleum, mining and metallurgy, and power. It is upgrading a phosphoric acid production plant in Iran. In addition, involved in Phases 15 and 16 of the South Pars gas development program in Iran. | Business operations do not appear in the Iran Act's specified categories. | 386,400 | $20,619,788 |
| 21 | Sojitz Corp<br><br>(Japan) | Has an office and subsidiary in Tehran, Iran. Also, is involved in a construction of a power station in Iran. | Business operations appear to be limited to electrical power and not the Iran Act's specified categories. | 4,111,200 | $7,950,512 |
| 22 | StatoilHydro ASA (Formerly Statoil ASA)<br><br>(Norway) | StatoilHydro withdrew its interest from Iranian oil developments.<br><br>The U.S. State Department placed the actions of Statoil in Iran under review for possible violations under the Iran Sanctions Act, which establishes a cap on investment is the Iranian energy sector. Statoil in developing the Azar oil field. StatOilHydro is not withdrawing from its existing contract with Iran; if it did, it could be sued. StatoilHydro is offshore development operator for the South Pars gas and condensate field. StatoilHydro is also involved in a major new pipeline, planned for transporting Iranian gas to Europe. StatoilHydro also confirmed it continues to hold positions in three projects in Iran's South Pars 6-8 development project.<br><br>In 2008, it was reported Continues to hold positions in three projects in Iran—South Pars development project, the Anaran oil development project and the Khorram Abad exploration project. Also, the operator for the development of the offshore part of the South Pars project and service contract during the development phase. Continues to work with coating of pipes for the third pipeline and completion of the pipe-laying. Investment in Iran consists principally of its investment in the South Pars. The company had employees in Iran. The | As of 2010, the company is not identified by MSCI as subject to the "business operations" provisions of the Iran Act.<br><br>On September 30, 2010, the U.S. Department of State announced StatoilHydro's commitment to terminate their investments in Iran and avoid any new activity in Iran's energy sector. | 4,468,887 | $88,584,723 |

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| | | company has had no Iran-related revenues and is not producing any oil or gas in Iran. | | | |
| 23 | Technip<br><br>(France) | Technip it is engaged in activities in Iran, consisting primarily of turnkey management services. It has a backlog of contract revenues in Iran.<br><br>In June 2008, Jam Petrochemical Complex, the world's biggest olefin complex, and Farsa-Shimi complex were commissioned in Assaluyeh, Iran. The major contractors of the project were the French Technip Company, the German Krupp Uhde Company, the Italian Technimont Company and Nargan and Sazeh companies from Iran. The project requires 25,000 tonnes of ethane, propane, butane, lighter products, raffinate, and heavier compounds which will be supplied from Pars Petrochemical, Borzuyeh and South Pars complexes. The project's products are used to feed lower units, in plastic and industrial parts production. | CalPERS most recent attempt to engage Technip in August 2010 has yet to be responded to by the company. | 326,890 | $25,455,137 |
| 24 | Total SA<br><br>(France) | Although the company received a waiver from the U.S. government regarding investments in the South Pars gas field in Iran, this waiver does not extend to all of its investments in Iran. Its qualifying activities in Iran are concentrated on two buy-back contracts. | As of 2010, Total has announced the cessation of Iran activities. | 6,673,276 | $324,162,387 |
| 25 | Wartsila OYJ<br><br>(Finland) | Wärtsilä has a representative office, in Tehran, Iran and owns a power plant there. Wärtsilä had been selected to be the subcontractor to supply the main and auxiliary engines for six containerships. In addition, Wärtsilä repaired cracks on the engines of five tankers. | As of 2010, the company is not identified by MSCI as subject to the “business operations” provisions of the Iran Act.<br><br>MSCI concluded that Wartsila involvement in Iran is now limited to imports of goods and the company no longer has operations on the ground. Therefore, MSCI determined Wartsila has been removed from the CalPERS Identified Company List. | 324,346 | $22,504,178 |

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| 26 | Weir Group<br><br>(UK) | Weir Group supplies pumps and other types of equipment for use in mining, power, oil and gas installations. In 2009, it was reported that the company has been selling equipment to customers in Iran for more than 30 years. | As of 2010, the company is not identified by MSCI as subject to the "business operations" provisions of the Iran Act.<br><br>MSCI concluded that the Weir Group did not meet the threshold in California law for money invested in Iran and has removed the company from the CalPERS Identified Company List. | 583,872 | $15,821,709 |
| | | | Category Total | | $1,968,042,340 |

WILSHIRE
CONSULTING

*Michael C. Schlachter, CFA*
*Managing Director & Principal*

January 31, 2010

Mr. Eric Baggesen
Senior Investment Officer for Global Equities
California Public Employees' Retirement System
400 P Street
Sacramento, CA 95814

Re: Iran Divestment Analysis

Dear Eric,

This document responds to your request for a summary of the impact of the divestment of Iran-related securities by the Global Equity portfolios.

Bear in mind that this paper does not pass judgment or comment on the political, social, health, or moral merits of the divestment of Iran-related securities but simply estimates the gain or loss to the CalPERS investment portfolio.

## Summary of Findings

Projected Transactions Costs of Iran Divestment

- High Estimate: -$23.32 MM
- Low Estimate: -$5.83 MM

Projected Annual Impact of Iran Divestment / Exclusion (Assuming Optimized Reinvestment)

- 1 in 5 Years: ± $127 MM
- 1 in 10 Years: ± $163 MM
- 1 in 20 Years: ± $194 MM

## Proposed Iran Divestment

This section recaps work previously performed for CalPERS.

In the summer of 2009 and December 2009, Wilshire calculated the costs and tracking error associated with the proposed divestment of Iran-related securities. Based on work previously performed by Staff, 26 securities were identified as having substantial Iran-related business activities.

Using index data as of November 30, 2009, Wilshire performed a variety of calculations, including the estimated transactions costs of divestment and reinvestment of proceeds, and the possible tracking error (excess risk) that may occur from excluding prohibited securities. All calculations were performed using Wilshire's Atlas GR6 global risk model, a software system that is generally recognized as an industry-leading risk calculation package.

Wilshire currently creates for CalPERS a custom global equity benchmark that blends the a custom FTSE index for non-US securities with a custom Wilshire 2500 index for US equities. This benchmark was used as a proxy for the complete global equity opportunity set.

We then calculated the fraction of the custom global index comprised by these 45 securities.

***Iran Results***

We calculated that the prohibited 24 Iran-only related securities comprise 1.06% of the benchmark ($1.166B of a $110B global benchmark).

If the 24 securities are sold and the proceeds are simply reinvested proportionately across all remaining securities in the index, we calculate that the resulting tracking error is expected to be 0.15%. This means that in approximately 2 out of 3 years, the performance of the portfolio relative to the benchmark will not vary by greater than 0.15% solely as a result of these exclusions. On a base of $110B, the risk to the portfolio is expected to lead to a performance discrepancy greater than:

- $212 million 1 out of every 5 years (1.282 standard deviations)
- $271 million 1 out of every 10 years (1.645 standard deviations)
- $323 million 1 out of every 20 years (1.960 standard deviations)

If the proceeds of the sale of Iran-restricted securities are reinvested in the remaining names in an optimal way (the optimizer is constrained to make no other sales; i.e. "buy only"), the expected annual tracking error is 0.09%. On a base of $110B, the risk to the portfolio is expected to lead to a performance discrepancy greater than:

- $127 million 1 out of every 5 years (1.282 standard deviations)
- $163 million 1 out of every 10 years (1.645 standard deviations)
- $194 million 1 out of every 20 years (1.960 standard deviations)

In allowing for optimal reinvestment, the above optimization achieved a 6 basis-point reduction in expected tracking error versus the proportional reinvestment case (from 0.15% to 0.09% TE, or a 40% reduction). Neither the optimization model or a stratified sampling approach were successful in further reducing the level of expected tracking error. This appears to be the result of the large number of securities in the custom benchmark (9,000+) and the relatively small exposure (1.06%) to restricted securities. Under these conditions, neither the optimization (QP) nor stratified sampling (LP) have been able to find solutions that yield lower expected tracking error. This is true for the Sudan and Combined Iran/Sudan restrictions as well.

In order to optimize the portfolio as described above, the following trades are required:

- Sales: 24 securities totaling $1.166B
- Purchases: 174 securities totaling $1.166 B
- Total: 198 securities totaling $2.332B

At the levels of assumed total transaction costs specified below (commission, spread, market impact), the expected cost of the required transactions would be as listed (note: the 0.50% cost estimate is likely the most representative of the average cost for purchases and sales, as the cost to purchase is expected to be near the 0.25% level, while the cost to sell restricted securities is more likely to be at the higher 1% level. If liquidations were required to occur quickly – i.e. in a single day – the costs of sales would likely be higher than 1%, making the overall roundtrip cost estimate more likely to migrate towards the 1% figures shown below):

- At 0.25% cost (conservative for non-US securities), the total expected cost would be $5.830 million.
- At 0.50% cost (moderate for non-US securities), the total expected cost would be $11.660 million.
- At 1.00% cost (realistic for illiquid non-US securities), the total expected cost would be $23.320 million.

**Conclusion**

The generally accepted academic argument is that limiting the opportunity set for investments has a deleterious impact on performance over long periods of time. Over a market cycle, a portfolio that can choose from all 500 stocks in the S&P 500 should outperform one that can only select from 450 stocks. The analyses contained in this report generally indicate that excluding any security can have an impact on tracking error and performance.

Any investor who wishes to divest from certain securities or exclude certain securities should therefore weigh the political, social, or moral benefits of such exclusions against the possible cost of owning a suboptimal portfolio.

If you have any additional questions, please do not hesitate to contact me.

Sincerely,

Michael C. Schlachter, CFA

Appendix A: Definitions

***Definitions***

“**Authorized business operations**” – A United States company that is authorized by the federal government to have business operations in Iran.

“**Board**” – The Board of Administration of the Public Employees’ Retirement System or the Teachers’ Retirement Board of the State Teacher’ Retirement System, as applicable.

“**Business operations**” – The company (A) is invested in or engaged in business operations with entities in the defense or nuclear sectors of Iran or (B) is invested in or engaged in business operations with entities involved in the development of petroleum or natural gas resources of Iran, and that company is subject to sanctions under Public Law 104-172 (any entity that has invested at least $20 million in any year since 1996 to develop petroleum or natural gas resources of Iran), as renewed and amended in 2001 and 2006.

“**Humanitarian Activity**” – A company primarily engaged in supplying goods or services intended to relieve human suffering in Iran or a company that promotes health, education, or journalistic, religious, or welfare activities in Iran.

“**Substantial action**” – A boycott of the government of Iran, curtailing business in Iran or selling company assets, equipment or real and personal property located in Iran.

Appendix B:

***Requirements***

The implementation steps and requirements specified within the Iran Act are:

1. Identification of companies, through publicly available information, with activities in the specified areas.
2. Notification to such companies that their activities may make them subject to divestment unless they take “substantial action” within 90 days.
3. Determination by June 30, 2008 which companies may be subject to “divestment” due to lack of “substantial action” or progress toward it, or are subject to exemption from the divestment provisions due to humanitarian activities.
4. Monitor and review companies making sufficient progress toward “substantial action” for up to 12 months from the initial notification.
5. Determination: Upon determination that a company is subject to “divestment”, making no further investments into such company.
6. Fiduciary analysis to determine that actions to be taken are consistent with the boards’ fiduciary responsibilities as established in the “California Constitution, article 16, section 17”.
7. Liquidation within 18 months of investments determined to be subject to “divestment”.
8. Report annually (beginning January 1, 2009) to the California Legislature regarding the status of CalPERS compliance with the Iran Act (see note below).

*Appendix C*

*Reporting Recommendations:*

On May 12, 2010, CalPERS participated in the California Assembly Committee on Accountability and Administrative Review (Committee) hearing to discuss CalPERS and CalSTRS implementation of the Iran Act. The 2010 reporting format reflects recommendations from that hearing, as follows:

1. *Recommendation:* CalPERS should post information publicly to inform its members and the California Legislature of companies that violate the Iran Act.

   *Response:* Beginning in 2010, CalPERS began posting its annual legislative report and all future annual reports on the Iran Act to its public website in two locations which are available for viewing by CalPERS members and the general public.

2. *Recommendation*: Uniform formats for presenting company information should be developed in consultation between CalPERS and the California State Teachers' Retirement System (CalSTRS) to enable consistent review by their members and the California Legislature.

   *Response:*: CalPERS and CalSTRS staff have worked closely in 2010 to improve the consistency of their company reporting framework, as per the tables included.

3. *Recommendation*: CalPERS should look to improve its public disclosure of why companies are added to or removed from the list of companies that are identified as being subject to the Iran Act.

*Response:* CalPERS has added additional detail on companies subject to the Iran Act, including holdings and approximate value, the companies' activities and the determination as to whether companies are to be monitored or fall within the divestment provisions. CalPERS is also providing the fiduciary analysis provided by external pension consultants, Wilshire which assesses the costs and potential risks of divestment for companies in the previous Legislative Report.

**Investment Office**
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Sacramento, CA 95812-2749
Telecommunications Device for the Deaf - (916) 795-3240
Phone: (916) 795-3400

December 31, 2010

**Via Overnight Courier**

Diane Boyer-Vine, Legislative Counsel
Office of the Legislative Counsel
State Capitol, Room 3021
Sacramento, California 95814

Gregory Schmidt
Secretary of the State
State Capitol Room 3044
Sacramento, California 95814

E. Dotson Wilson
Chief Clerk of the Assembly
State Capitol Room 3196
Sacramento, California 95814

In accordance with Chapter 671, Statues of 2007 (AB 221, Anderson), the California Public Employees' Retirement System (CalPERS) is submitting to the Legislature the attached report on investment holdings in companies with business operations in Iran. To compile this report, CalPERS contracted with a third party independent research firm in addition to conducting our own research.

Please contact me at 916-795-2565 if you have any questions about this report.

Sincerely,

DANNY BROWN
Division Chief
Office of Governmental Affairs

cc: Anne Stausboll, Chief Executive Officer – CalPERS
Joseph A. Dear, Chief Investment Officer - CalPERS

CalPERS

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June 7, 2010

The Honorable Hector De La Torre
Chair, Accountability and Administrative Review Committee
California State Assembly
State Capitol, Room 4016
Sacramento, CA 95814

Dear Assemblymember De La Torre,

**Re: Assembly Bill 221 – California Iran Act**

Thank you for providing the California Public Employees' Retirement System (CalPERS) with the opportunity to participate in the May 12, 2010 Assembly Committee on Accountability and Administrative Review (Committee) hearing to explore CalPERS efforts to implement Assembly Bill 221, the California Iran Act (Act.)

The purpose of this letter is to provide a timely response to the Committee's three recommendations as requested following the conclusion of the hearing.

1. CalPERS should post information publicly to inform its members and the California Legislature of companies that violate the Iran Act.

CalPERS is pleased to inform the Committee that it has immediately implemented the first recommendation by posting its 2009 California Iran Act Legislative Report to its public website in two locations which are available for viewing by CalPERS' members and the general public. We have provided the links to both locations here for your reference:

http://www.calpers.ca.gov/index.jsp?bc=/investments/reports/home.xml

http://www.calpers-governance.org/marketinitiatives/home

2. Uniform formats should be developed in consultation between CalPERS and CalSTRS to enable consistent review by their members and the California Legislature.

Subsequent to the May 12, 2010 hearing, CalPERS met with CalSTRS to immediately begin the process for developing a uniform format. We are committed to meeting the Assembly's objective for a more uniform reporting format no later than the delivery requirement of our 2010 Annual Legislative Report.

3. CalPERS should look to improve its public disclosure of why companies are added to or removed from the list of companies that are identified as being subject to the Iran Act.

Pursuant to recommendation #3, CalPERS is committed to improving its public disclosure of why companies are added to or removed from the list of companies that are identified as being subject to the Iran Act no later than the delivery requirement of our 2010 Annual Legislative Report.

To conclude, CalPERS will continue to diligently implement the Act's requirements. Should you have any questions you can contact me at (916) 795-3818, or feel free to have your staff contact Danny Brown, Chief of the Office of Governmental Affairs, at (916) 795-2565 or at danny_brown@calpers.ca.gov.

Sincerely,

Anne Stausboll

ANNE STAUSBOLL
Chief Executive Officer
CalPERS

cc: Linda Morshed, Consultant – Accountability and Administrative Review Committee
Danny Brown, Chief Office of Governmental Affairs – CalPERS
Joseph A. Dear, Chief Investment Officer – CalPERS
Eric Baggesen, Senior Investment Officer – CalPERS
Anne Simpson, Senior Portfolio Manager – CalPERS

| Expanded Summary of Business Operations and CalPERS Engagement Update | | | |
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| | *Company* | *Business Operations* | *CalPERS Engagement Update* |
| 1 | Edison Spa<br><br>Italy | As of September 2010, Italy-based Edison is involved in Iran through a four-year exploration deal signed in January 2008, regarding the offshore oil and gas block Dayyer, which spans 8,600 square kilometers in the Persian Gulf, tendered by the state-owned National Iranian Oil Company (NIOC). The exploration contract signed between Edison and the NIOC for the Dayyer block envisages an exploration period of four years, during which studies will be made, seismic data will be acquired and processed, and one exploration well will be drilled. Investments will be approximately EUR 30 million (USD 40 million) in total. If reserves are discovered, Edison will directly enter the development phase. | **Newly identified in 2010 with engagement initiated by CalPERS.**<br><br>CalPERS initiated engagement with Edison Spa in August 2010 with response pending. |
| 2 | OMV Akt.<br><br>Austria | OMV has an equity-tie with Iran through its subsidiary OMV (Iran) Exploration GmbH, a liaison office in Teheran, as well as a 10-percent stake in a Liquefied Natural Gas (LNG) plant. Nevertheless, it withdrew from other activities such as South Pars development and exploration in the Mehr block. The company reported that as of December 2009, OMV (Iran) Exploration GmbH accounted for EUR 5.9 million (USD8.45 million), corresponding to 0.02 percent of the company's "consolidated balance sheet". OMV states it has no ongoing operations, nor revenue.<br><br>On its Web site, the company justifies it presence in Iran under Austrian energy security (it is 31.5-percent owned by the Austrian State) and the possibility to increase human rights conditions for its local employees. In July 2009, OMV moved some of its staff out of Iran, waiting for a better political situation after the contested elections in June 2009.<br><br>In 2007, OMV signed with the NIOC a non-binding Heads of Agreement including a participation in the South Pars gas field (phase 12), a liquefaction plant for Iran LNG, and subscriber agreements with Iran LNG. At the time of signature, the Iran LNG project was assessed USD4.35-billion, of which OMV was to hold a 10-percent stake. However, in 2009 OMV withdrew from the South Pars development discussions. | **Newly identified in 2010 with engagement initiated by CalPERS.**<br><br>CalPERS initiated engagement with OMV in June 2010. Through subsequent engagement, the company states to have an office but no activities in or revenue from Iran. There are no further activities in the Mehr Block in Iran. And, in fall 2009, OMV withdrew from its non-binding discussions concerning the South Pars Field phase 12 development.<br><br>As a European company, OMV complies with all relevant laws and regulations of the European Union, Austrian laws, and the laws of the respective country in which it is active. |
| 3 | Petrofac Limited<br><br>UK | Petrofac Limited is involved in Iran through Petrofac Iran (PJSC) with an office in Teheran, as listed on its Web site as of September 2010. It is also active in the petroleum-related industry. In 2007, the company completed a three-year maintenance project in Iran for the South Pars Gas Company, a subsidiary of Iran's state-owned National Gas Company. This project, worth approximately USD 30 million, accounted for less than 1 percent of its 2007 revenues. | **Newly identified in 2010 with engagement initiated by CalPERS.**<br><br>CalPERS initiated engagement with Petrofac in October 2010 with response pending. |
| 4 | PTT Public Company Ltd.<br><br>Thailand | PTT Public Company Limited does not have any involvement in Iran, but it is the parent company of PTT Exploration and Production Pcl (PTTEP), and PTT Chemical Public Co (PTTCH), both of which are involved in Iran. | **Newly identified in 2010 with engagement initiated by CalPERS.**<br><br>CalPERS initiated engagement with PTT in June 2010. Through subsequent engagement, the Company has provided CalPERS greater disclosure of its involvement in Iran through PTTEP Iran.<br><br>In 2010, PTTEP Iran has conducted a feasibility |

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| | *Company* | *Business Operations* | *CalPERS Engagement Update* |
| | | | study and post-well evaluation in the Saveh Block. Further investment will hinge upon the evaluation result.<br><br>As of 2010, PTTCH has been holding 10% stakes in MEHR Petrochemical, and Iranian petrochemicals plant with high density polyethylene production capacity. PTTCH has no intention to increase its stake in MEHR. |
| 5 | Schlumberger<br><br>Netherlands | According to its website, Schlumberger has an office, Well Services of Iran Schlumberger Methods, in Tehran, Iran.<br>A December 7, 2008, story from the Boston Globe newspaper reported that US oil-services firm Schlumberger Ltd. used a legal loophole to supply machines with radioactive chemicals to Iran. The Globe story said its investigation revealed the company sold a 2,000-pound drilling tool to Iran powered by a kind of radioactive chemical that scientists say could fuel a so-called 'dirty bomb'. US officials have sought to keep the chemical out of Iranian hands, but the sale was permitted under regulations allowing multinational corporations' foreign subsidiaries to engage in actions that would be illegal for their U.S. parent companies. Schlumberger acknowledges its drilling tool has been used in Iran, but a company spokesman pointed out in the Boston Globe story that the multinational followed "all applicable laws and regulations."<br><br>Schlumberger sponsors a "Schlumberger Excellence in Educational Development, or SEED" program at a school for boys in Tehran, according to its website. SEED is a volunteer-based, non-profit education program focused on underserved communities where Schlumberger people live and work. SEED empowers employee-volunteers and educators-including teachers, parents and other mentors-to share their passion for learning and science with students aged 10-18. | **Newly identified in 2010 with engagement initiated by CalPERS.**<br><br>CalPERS initiated engagement with Schlumberger in August 2010 with response pending. |
| 6 | SGS SA<br><br>Switzerland | According to its website, SGS Iran is a member of the SGS group and has been present in Iran since 1976. SGS Iran was incorporated in January 1976 as a local company under the Iranian laws. The company is primarily involved in verification, testing and certification in a number of different sectors which include agriculture, oil & gas, automotive, environment, industrial, life science among others. The company currently has over 250 employees in 9 branches.<br><br>According to a press release from SGS dated January 5, 2000, the Customs of the Islamic Republic of Iran and SGS signed a memorandum of understanding introducing a trade facilitation program to speed up customs clearance for importers who make use of this new service. | **Newly identified in 2010 with engagement initiated by CalPERS.**<br><br>CalPERS initiated engagement with SGS in August 2010. Through subsequent engagement, the company stated that it does not inspect any arms or ammunition, no does SGS provide any assistance to trade which might fund or otherwise facilitate terrorist activities.<br><br>SGS operations in Iran are limited and largely confined to the operations of its 50% subsidiary in Arya-SGS Quality Services, Private Joint Stock co., Teheran. This affiliate generated approximately CHF 29 million in revenue in 2009 and SGS Group generated CHF 4'7 billion. The |

| Expanded Summary of Business Operations and CalPERS Engagement Update | | | |
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| | | | bulk of SGS business in Iran is Industrial Services, Minerals and Oil, Gas & Chemicals, and a little bit in Agricultural and Systems Certificates. The purpose of this service is to ensure proper quantity and quality of the goods.<br><br>SGS also stated, while they do not condone the behaviors of certain governments of the world, they feel that boycotting countries outright would equate to withholding services useful to those most in need, to the extent that our operations do not create undue risk to SGS, nor provide direct or indirect support to terrorism. |
| 7 | TOYO Engineering Corporation<br><br>Japan | As of September 2010, Toyo Engineering lists on its Web site to have an office in Tehran, Iran. According to its 2009 Annual Report, and as confirmed by the company in September 2010, Toyo in Iran works on a Gas Processing Plant EPC contract for Petropars Limited and has completed an ammonia plant for Petrochemical Industries Development Management Company of Iran. Toyo Engineering has emphasized that for all of these projects that it provides only engineering and construction services. | Newly identified in 2010 with engagement initiated by CalPERS.<br><br>CalPERS initiated engagement with TOYO in June 2010. Through subsequent engagement, it is the company's belief that it does not meet the criteria as a sanctionable company because, firstly, TOYO's activities do not meet the applicable dollar threshold thereunder and, secondly, Toyo's activities do not fall into the "investment" defined thereunder. Therefore, substantial action will not be taken. |
| 8 | Air Liquide<br><br>France | Air Liquide has an office in Tehran, Iran.<br><br>Air Liquide acquired Lurgi from GEA Group in July 2007. Lurgi has been involved in four large petrochemical projects there, valued at approximately USD750 million. Lurgi's business activities in Iran had accounted for up to 20 percent of its total sales before the acquisition by L'Air Liquide. Moreover, l'Air Liquide Group owns two brands: Saf-Fro and Oerlikon, whose commercial managers are based in Iran. The company confirmed that, further than through Lurgi, it sells, through distributors, some welding consumables and some healthcare products in the country. The total group revenue from Iran in 2009 amounted to EUR 20 million (USD28.66 million), corresponding to 0.17percent of Air Liquide's annual revenue.<br><br>. | Engagement in process by CalPERS:<br><br>In February 2010, the company was reported to have delivered on a Methanol-to-Propylene (MTP) project in Iran, as part of a contract signed in 2004 with Iran's Petrochemical Industries Design and Engineering Company (one of NIOC's major domestic contractors).<br><br>L'Air Liquide confirmed in a communication in April 2010 that Lurgi has several ongoing projects in its portfolio in Iran, mostly linked to natural gas, to be delivered progressively up to August 2011. |

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| | | | CalPERS followed up with Air Liquide in August 2010 to confirm the completion of its one major engineering project which was expected to end in 2010 with a response pending. |
| 9 | Aker Solutions ASA<br><br>Norway | Norway's Aker Kvaerner Powergas provides refining facilities for Iranian petroleum. The company signed a USD 25 million contract with private Iranian engineering company Hirbodan in 2005 as the project manager for the offshore gas field South Pars Phases 9 and 10. The project was to last for approximately 10 years, employ 10 Aker Kvaerner staff and was Aker Kvaerner's first field development project in Iran, according to European financial newswire Hugin on April 27, 2005.<br><br>Aker Kvaerner won a contract to develop Phases 15 and 16 of Iran's South Pars offshore gas field. Associated with The Force, which is separate from Iran's regular military services, is authorized by the Iranian constitution to own and develop commercial enterprises in peacetime. Also, secured an order for six container ships from the Islamic Republic of Iran Shipping Lines. The company was also involved in a project building a dicalcium phosphate plant. | Engagement in process by CalPERS:<br><br>Engagement with Aker in June 2010 confirmed that the company has minor business activities in Iran. The extent of these activities are small and is conducted in accordance with applicable laws and regulations. Aker's investments in Iran are far below the investment limit currently set at USD 20 million per year.<br><br>In August 2010, CalPERS provided Aker with a fully transparent description of what MSCI believes to be the company's business operations which exceed the USD 20 million threshold. A response from Aker is pending. |
| 10 | CNOOC Ltd.<br><br>Hong Kong | Despite official counterparties' statements mentioning CNOOC as partner for project on Iranian soil, the company never confirmed any project; yet, as contractor it called for tenders in Iran in 2009. It also stated that its affiliates or subsidiaries can be involved in restricted countries by the United States Sanctions Acts and State-level legislations.<br><br>In March 2009, Iran's oil ministry stated that CNOOC had reached a deal to develop the North Pars gas field in the Persian Gulf (NP). While the company never confirmed the signature, in October 2009, the company called for a tender to construct 4 jackets for NP project. Drilling will start when the jackets are constructed. CNOOC is reportedly expected to invest USD5 billion in upstream gas projects, and USD11 billion in gas liquefaction (downstream) facilities, until 2012.<br><br>According to an industry source, CNOOC signed a further agreement to initial drilling that would begin with an offshore rig already in operation, and could continue with a CNOOC subsidiary delivering one or two extra rigs in 2010.<br><br>Iran and CNOOC had already signed a Memorandum of Understanding in 2006 for gas supply from Iran to China as from 2011, and rumors of an imminent signature of a binding agreement spread since 2007. In July 2009, CNOOC was reported by the Iranian Offshore Oil Company's managing director to have signed a cooperation agreement with Malaysia-based Amona for the development of Resalat oilfield. Within the EUR 1-billion ($1.4-billion) deal to develop the Resalat oilfield, CNOOC is to establish marine installations. | Engagement in process by CalPERS:<br><br>Correspondence dated September 2010 from CNOOC Ltd confirms that the company has no business operations in Iran.<br><br>CNOOC Ltd. is the listed arm of China National Offshore Oil Corp. (CNOOC) which is 70-percent owned by the Government of the People's Republic of China. CNOOC Ltd. itself does not have operations in Iran (as stated in its 2009 annual report in form 20-F) but is involved through CNOOC which holds a majority interest in the former.<br><br>In its 2009 annual report in form 20-F, issued in April 2010, CNOOC Ltd. stated that the company is possibly subject to United States sanctions, as |

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| | | | a result of "current or future activities by CNOOC Ltd. or its affiliates in countries that are the subject of U.S. sanctions such as Iran and Sudan". However, the company stated in September 2010 it has no business operation in Iran. |
| 11 | Daelim Industrial Co.<br><br>Korea | Daelim Industrial Co.'s website lists several offices in Iran, where the company is active. Currently, Daelim Industrial is collaborating with Iranian and German companies to upgrade the Esfahan refinery in Iran. In addition, it has secured a deal to build liquefied natural gas and liquefied petroleum gas tanks in Tombak, located in southern Iran. The Esfahan refinery project, which is to be completed in 2011, aims to give Iran more refining ability so that it no longer needs to import fuel.<br><br>In 2009, it was reported that Daelim has secured a deal to build tanks in southern Iran. Installed a major industrial system of the gas field development in Iran. Provides a fully integrated communication solution to equipment for an onshore gas plant and three offshore platforms of the South Pars gas field in Iran. Constructs a gas refinery and an ethyl benzene plant at Bandar Asslouyeh, Iran.<br><br>The company's 2008 Annual Report lists the following projects in progress in Iran: LNG & LPG Tank (2007-2011), Esfahan Refinery Upgrading Project (2007-2012) and AKPC LDPE Project (2005-2009). Daelim is carrying out the construction of a total of five LNG and LPG storage tanks on a turnkey basis in association with local contractor Ghorb Nooh. The client is National Iranian Oil Company, and the work is valued at USD 320 million. Three of the LNG tanks are to have capacities of 140,000 metric tons each and two capacities of 30,000 metric tons each in Tombak, southern Iran.<br><br>Daelim awarded a contract to Metito, a wastewater treatment company, to install a major industrial system for phases 6, 7 and 8 of the gas field development in Iran. Daelim Industrial won contracts as part of a consortium to construct a gas refinery and an ethyl benzene plant. | Engagement in process by CalPERS:<br><br>CalPERS most recent attempt to engage Daelim in August 2010 has yet to be responded to by the company. |
| 12 | GS Holdings<br><br>Korea | GS Holdings Corp. lists a Tehran, Iran, office. GS Holdings Corp. is the holding company for the energy-focused GS Group of South Korea. The equity tie is justified by one subsidiary's (GS Engineering & Construction) branch office in Tehran and by the past and current contracts related to the development of the gas industry.<br><br>In October 2009, the company was reported to have signed a contract worth EUR 1.24 billion (USD1.83 billion) with Iran's Pars Oil and Gas Company, for sweetening of gas from phases 6, 7, and 8 of the South Pars field. In June 2009, GS Engineering & Construction declared to have received a USD500-million letter of intent from Iran LNG Co., a unit of National Iranian Oil Co. (NIOC), to build a liquefied natural gas (LNG) plant in Iran. The deal provided for completion of the plant by February 2012.<br><br>In March 2009, the GS Engineering & Construction completed the construction of a USD 2.1 billion gas-processing plant in Assaluyeh, southern Iran. Past deals: development of South Pars field. Previously, in 2003, GS was assigned an engineering, procurement and construction services contract (worth USD655 million), to develop phases 9 and 10 of the | Engagement in process by CalPERS:<br><br>In April 2010, the company maintained that there are no business ties presently with Iran, either at the Holding company level or at the Subsidiaries' level, and it has no plans to venture into business relationship with any entities from Iran in the future.<br><br>In August 2010, CalPERS provided the company with a fully transparent description of what MSCI believes to be the company's business operations. A response from GS Holdings is |

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| | *Company* | *Business Operations* | *CalPERS Engagement Update* |
| | | Iranian offshore South Pars gas field. The contract was in consortium with two Iranian companies (Oil Industries Engineering & Construction Co. and Iranian Offshore Engineering & Construction Co.), and was worth USD1.6 billion. | pending. |
| 13 | Man SE<br><br>Germany | In its 2008 Annual Report, MAN Ferrostaal disclosed that it completed a turnkey expansion of an 830 MW gas-steam power plant in Fajr, Iran. The total value of the contract was EUR 75 million (USD105.7 million). Ferrostaal's Industrial Plants division also received orders for a series of procurement packages from Kavian Petrochemical Company (a subsidiary of Bakhtar Petrochemicals, whose shareholders include Iran's National Petrochemical Company and Pension funds of Petroleum Ministy) for an olefin complex in Iran and the Iranian company PIDEC for use in Abadan refinery. Another Man subsidiary, Man Nutzfahrzeuge AG, sells vehicles in Iran, and Man's Turkish subsidiary also exports buses to Iran. In addition, MAN GHH Borsig, a company subsidiary in Iran, supplies various types of mining equipment to the Iranian mining industry.<br><br>In 2009, it was reported that Man SE has a service facility in Iran and supplies natural gas service stations to an entity in Iran. Also, produces, supply, assemble and commission equipment to expand its smelting plan in Bandar Abbas, Iran. Another subsidiary sells vehicles in Iran. Supply natural gas engines annually to Iran Khodro Diesel. Assembles buses and trucks and heavy tractors and exports buses to Iran. Also ordered a printing press for the production of schoolbooks. In addition, supplies various types of mining equipment to the Iranian mining industry. | Engagement in process by CalPERS:<br><br>MAN SE currently has two offices in Iran through its subsidiaries MAN Turbo AG and MAN Ferrostaal, as reported in its 2009 annual report.<br><br>CalPERS most recent attempt to engage Daelim in August 2010 has yet to be responded to by the company. |
| 14 | OAO Gazprom<br><br>Russia | Gazprom OAO, through its subsidiary Gazprom Neft, has been involved in Iran (South Pars phases 2 and 3) from 1997 to 2004, when it handed over the built facilities. It is currently still being paid back from the National Iranian Oil Company (NIOC) for the project with payments expected to cease in the next two years. However, because of the involvement of its subsidiary Gazprom Neft in the Azadegan oil field, the company still has an equity tie with Iran.<br><br>Gazprom confirmed in a written communication to have been involved in the second and third phases of the South Pars gas field since 1997, with a total cost of $2 billion, although reported up to USD 4 billion from international press reports. The project was complete and handed over to the NIOC, in 2004. Gazprom reported to be currently recovering costs.<br><br>In March 2010, the company confirmed that in 2008 it signed a memorandum of understanding with the NIOC, to review oil and gas cooperation projects. Involvement in the Iranian oil sector though Gazprom Neft. In September 2008, Gazprom Neft, the oil subsidiary of Gazprom, agreed to develop the North Azadegan oilfield and produce oil at three other fields on buy-back contracts. The company confirmed in June 2008 that it was to buy new assets in Iran and that it was ready for a $100-million buy-back contract.<br><br>In 2009, it was reported that Gazprom provided construction and installation of two off-shore production platforms, drilling exploration wells, laying two off-shore pipelines and construction of an on-shore gas processing facility. Also, acquired a section of the Iran-Armenia pipeline and the fifth energy unit of the Razdan thermal power plant. The U.S. Department of State waived sanctions under Section 9(c) of the sanctions act with respect to activities in the South Pars field only and not to any other activities in Iran. | Engagement in process by CalPERS:<br><br>In November 2010, Company representatives stated to CalPERS that it is Gazprom's belief that the company is currently in compliance with international sanctions imposed in accordance with resolutions of the UN Security Council, Russian law, U.S. law and laws of jurisdictions where the company operates.<br><br>Existing memorandums of understanding between Gazprom and the National Iranian Oil Company have either expired as recently as July 2010 or not been enacted upon – meaning the company has not taken any decision with respect to participation in any projects or performed any work in relation to implementation of any projects contemplated by the memorandum. |

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| | *Company* | *Business Operations* | *CalPERS Engagement Update* |
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| 15 | Sasol Limited<br><br>South Africa | Sasol has a regional office which services Iran. Sasol is involved in Iran through Arya Sasol Polymers Company, a 50-50 percent joint venture with a subsidiary of Iran's state-owned National Petrochemical Company (NPC). The company operates three facilities in Iran, one of which is to be considered a petrochemical facility.<br><br>In 2009, it was reported that Sasol completed the construction of a polymer facility in Iran. | Engagement in process by CalPERS:<br><br>Through subsequent engagement with Sasol in September 2010, CalPERS is awaiting the results of MSCI evaluation of the company's most recent 20-F filing (September 28, 2010) with the U.S. SEC for applicability with the California Iran Act. |
| 16 | Technip<br><br>France | Technip it is engaged in activities in Iran, consisting primarily of turnkey management services. It has a backlog of contract revenues in Iran.<br><br>In June 2008, Jam Petrochemical Complex, the world's biggest olefin complex, and Farsa-Shimi complex were commissioned in Assaluyeh, Iran. The major contractors of the project were the French Technip Company, the German Krupp Uhde Company, the Italian Technimont Company and Nargan and Sazeh companies from Iran. The project requires 25,000 tonnes of ethane, propane, butane, lighter products, raffinate, and heavier compounds which will be supplied from Pars Petrochemical, Borzuyeh and South Pars complexes. The project's products are used to feed lower units, in plastic and industrial parts production. | Engagement in process by CalPERS:<br><br>CalPERS most recent attempt to engage Technip in August 2010 has yet to be responded to by the company. |
| 17 | ENI Spa<br><br>Italy | In 2009, it was reported that ENI was to start developing Phase 3 of the Darkhovin oilfield. ENI's work on the field's second phase is running far behind schedule, "ENI operates in Iran in the exploration and production of hydrocarbons and in the oilfield services, construction and engineering sector." ENI has emerged as a potential developer of Phases 19-21 of Iran's vast South Pars gas field, Italy's ENI will continue to do business in Iran amid American pressure for companies to cut investment in the country. | Engagement Completed by CalPERS:<br><br>As of 2010, ENI is not identified by MSCI as subject to the "business operations" provisions of the Iran Act.<br><br>On September 30, 2010, the U.S. Department of State announced Eni's commitment to terminate their investments in Iran and avoid any new activity in Iran's energy sector. |
| 18 | GS Engineering & ConstructionCo rporation<br><br>Korea | GS Engineering & Construction Ltd. was awarded a contract to develop phases 9 and 10 of the Iranian offshore South Pars oilfield. It has the engineering, procurement and construction services contract for these phases of the project. Among these are contracts to increase the annual capacity of the existing linear alkyl benzene plant. Overseas projects for the company included a major chemical plant in Iran, the Korea Times reported in December of that year. | Engagement Completed by CalPERS:<br><br>As of 2010, the company is not identified by MSCI as subject to the "business operations" provisions of the Iran Act. |

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| | | | On September 30, 2010, the United States Department outlined a list of foreign companies that have pulled out of Iran's energy, finance, and insurance sectors-including GS Engineering & Construction. GS Engineering & Construction stated it was canceling a 1.2 billion dollar gas processing project in Iran. |
| 19 | INPEX Corporation | In 2009, it was reported that Inpex Holdings signed a contract to evaluate and develop the Azadegan Field in western Iran, on the border with Iraq | Engagement Completed by CalPERS:<br><br>As of 2010, INPEX is not identified by MSCI as subject to the "business operations" provisions of the Iran Act.<br><br>Following CalPERS engagement, INPEX has stated in writing (October 2010) of the company's withdrawal from the Azadegan development project in Iran. Therefore, the company is not longer subject to the Iran Act. |
| 20 | JGC Corporation<br><br>Japan | JGC is shown to have an office in Tehran, Iran. JGC Corp. is reported to be a contractor for South Pars field Phase 6 in Iran. JGC Corp. formed a joint venture awarded the engineering, procurement and construction services for a large-scale gas processing plant. The company is not participating in any other project in Iran, as an engineer, constructor or investor and has no assets in Iran. | Engagement Completed by CalPERS:<br><br>As of 2010, JGC is not identified by MSCI as subject to the "business operations" provisions of the Iran Act.<br><br>It has been concluded that JGC has curtailed all activities in Iran. As a result, MSCI has removed the Company from CalPERS Identified Company List. |
| 21 | Mitsui & Co. Ltd.<br><br>Japan | Mitsui is involved in Iran through a local office in Tehran. Mitsui's Iran-related operations primarily consist of business activities in which the company acts as an agent for Japanese companies such as Japanese engineering and heavy machinery companies, assisting them with various aspects of entering into and completing industrial projects in Iran. In addition, Mitsui has arranged financing provided by export credit agencies for the principals of industrial projects in Iran. Furthermore, under limited circumstances, Mitsui is also engaged in Iran-related business activities as a principal, where it purchases crude oil, oil products and petrochemical products from Iranian entities and sells them in Japan and elsewhere.<br><br>The company further states that currently it has only one asset located in Iran, a subsidiary which renders services to support Mitsui's implementing the above-mentioned activities. However, the company is not involved in the provision of | Engagement Completed by CalPERS:<br><br>In September 2010, through follow-up correspondence with CalPERS, Mitsui states that it has not made any investment in or engaged in business operations with entities in the defense or nuclear sectors of Iran or with entities involved in the development or natural gas resources of Iran. And, the extent of its knowledge has not had a |

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| | | petroleum-related goods or services to Iran.<br><br>Mitsui renders services that primarily consist of transactions in which Mitsui acts as a mere agent for Japanese companies such as engineering and heavy machinery companies. It also provided Japanese and other countries "export credit agencies" for industrial projects in Iran. It added, those industrial projects have been planned, owned and operated by the companies in which the government of Iran has a direct or indirect equity share; however, Mitsui is not a party to the related contracts with those companies.<br><br>Mitsui has been involved in two projects in advanced stage of construction but not yet completed. Mitsui claims that it plans no further activities once the two ongoing ones are completed. The company states in its 2010 20-F that it does not plan to expand its operations in Iran. | business relationship with any Iranian organization that has been labeled as a terrorist organization by the United States government. |
| 22 | Mitsui Engineering & Shipbuilding<br><br>Japan | Mitsui Engineering & Shipbuilding Co. facilitated the construction of a high density polyethylene plant. In addition, were awarded a contract for the design, construction and delivery of a mono-ethylene glycol plant. In 2009, it was reported that the company entered into a consortium to facilitate the construction of high density polyethylene plant in Assaluyeh, Iran. Also, construction of a monoethylene glycol unit in Gachsaran. Also, design, construction and delivery of a mono-ethylene glycol plant on Kharg Island. | Engagement Completed by CalPERS:<br><br>As of 2010, the company is not identified by MSCI as subject to the “business operations” provisions of the Iran Act.<br><br>MSCI concluded Mitsui Engineering & Shipbuilding Co. stated that it has completed all work on high-density polyethylene plants in Iran. With the completion of the two HDPE plants the Company does not appear to have any remaining activities in Iran that would trigger the California Divestment Law. As a result, MSCI has removed the Company from CalPERS Identified Company List. |
| 23 | Royal Dutch Shell PLC<br><br>Netherlands | The company has four offices in Iran. Shell signed an agreement to develop the Persian LNG project to the next stage of design. Under the agreement, Shell to develop phases of the South Pars fields in the Northern Gulf as a contractor. A service contract with respect to development of these phases of the South Pars fields by Shell. Shell states "We have not yet taken a decision as to whether to proceed with the Persian LNG project. Shell’s main concern is getting the remaining significant commercial and engineering work right in its interest in Pars Oil Co., the original lubricants venture. Shell was one of a handful of suppliers providing Iran with gasoline. | Engagement Completed by CalPERS:<br><br>As of 2010, Shell is not identified by MSCI as subject to the “business operations” provisions of the Iran Act.<br><br>Through CalPERS’ continued engagement with Royal Dutch Shell in 2010, the company announced that it has agreed to terminate their investments and avoid any new activity in Iran’s energy sector in full compliance with the newly expanded U.S. legislation. This termination of |

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| | | | business operations has been confirmed by the U.S. Department of State. |
| 24 | Saipem S.p.A<br><br>Italy | Saipem has a branch office in Tehran, Iran, and two platforms drilling for oil for Italian oil company. The company was pre-qualified for a engineering, procurement, construction and management contract. | Engagement Completed by CalPERS:<br><br>As of 2010, Saipem is not identified by MSCI as subject to the "business operations" provisions of the Iran Act.<br><br>It was concluded that Saipem is involved in Iran as a contractor for ENI, its parent company. The tie the company has with Iran is therefore non-equity. Based on this information MSCI has revised its profile of Saipem, which caused the Company to be removed from the CalPERS Identified Company List. |
| 25 | StatoilHydro ASA (Formerly Statoil ASA)<br><br>Norway | StatoilHydro withdrew its interest from Iranian oil developments.<br><br>The U.S. State Department placed the actions of Statoil in Iran under review for possible violations under the Iran Sanctions Act, which establishes a cap on investment is the Iranian energy sector. Statoil in developing the Azar oil field. StatOilHydro is not withdrawing from its existing contract with Iran; if it did, it could be sued. StatoilHydro is offshore development operator for the South Pars gas and condensate field. StatoilHydro is also involved in a major new pipeline, planned for transporting Iranian gas to Europe. StatoilHydro also confirmed it continues to hold positions in three projects in Iran's South Pars 6-8 development project.<br><br>In 2008, it was reported Continues to hold positions in three projects in Iran—South Pars development project, the Anaran oil development project and the Khorram Abad exploration project. Also, the operator for the development of the offshore part of the South Pars project and service contract during the development phase.  Continues to work with coating of pipes for the third pipeline and completion of the pipe-laying. Investment in Iran consists principally of its investment in the South Pars. The company had employees in Iran. The company has had no Iran-related revenues and is not producing any oil or gas in Iran. | Engagement Completed by CalPERS:<br><br>As of 2010, the company is not identified by MSCI as subject to the "business operations" provisions of the Iran Act.<br><br>On September 30, 2010, the U.S. Department of State announced StatoilHydro's commitment to terminate their investments in Iran and avoid any new activity in Iran's energy sector. |

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| 26 | The Weir Group<br><br>UK | Weir Group supplies pumps and other types of equipment for use in mining, power, oil and gas installations. In 2009, it was reported that the company has been selling equipment to customers in Iran for more than 30 years. | Engagement Completed by CalPERS:<br><br>As of 2010, the company is not identified by MSCI as subject to the “business operations” provisions of the Iran Act.<br><br>MSCI concluded that the Weir Group did not meet the threshold in California law for money invested in Iran and has removed the company from the CalPERS Identified Company List. |
| 27 | Wartsila OYJ<br><br>Finland | Wärtsilä has a representative office, in Tehran, Iran and owns a power plant there. Wärtsilä had been selected to be the subcontractor to supply the main and auxiliary engines for six containerships. In addition, Wärtsilä repaired cracks on the engines of five tankers. | Engagement Completed by CalPERS:<br><br>As of 2010, the company is not identified by MSCI as subject to the “business operations” provisions of the Iran Act.<br><br>MSCI concluded that Wartsila involvement in Iran is now limited to imports of goods and the company no longer has operations on the ground. Therefore, MSCI determined Wartsila has been removed from the CalPERS Identified Company List. |
| 28 | Indian Oil Corporation, Ltd.<br><br>India | As of August 2010, Indian Oil Corporation (IOC) is involved in Iran mainly in an all-Indian joint venture with Oil and Natural Gas Corporation and Oil India for the development of the Farsi gas field. Indian Oil Corporation owns the Farsi Exploration Block in Iran. In addition, it is involved in a consortium which signed a contract for the purchase of tons of liquefied natural gas per year from Iran. | As of October 2010, Indian Oil Corporation is no longer a CalPERS portfolio holding.<br><br>Engagement has ended. |
| 29 | KunLun Energy Company (Formerly CNPC Hong Kong)<br><br>Hong Kong | CNPC Hong Kong announced its name change in KunLun Energy Company Limited (Kunlun) in February 2010. Kunlun is a publicly traded subsidiary of the state-owned China National Petroleum Corporation (Sinopec), which holds a 52.7 percent interest. It is assessed as tied to Iran because of its parent company's ties. Sinopec is deeply involved in Iran through oil exploration contracts and interests, refining, and commercialization of gas processing products. Kunlun has had a service contract for the Masjed Soleiman oilfields in Iran and has previously participated in the development of Block 11 of the South Pars gas field. Also, Kunlun is negotiating a seven-year contract to develop Block 14 of the South Pars gas field, which would give CNPC access to the estimated 370 billion cubic meters of gas reserves.<br><br>In late July 2008, the Iranian government reached a USD100-billion-worth agreement with Sinopec, in which the firm agreed to purchase Iranian natural gas and help develop one of Iran's largest oil fields, according to an editorial in the Washington Times newspaper. In exchange, Tehran agreed to export 150,000 barrels of oil per day to China at "market | As of October 2010, KunLun Energy Company is no longer a CalPERS portfolio holding.<br><br>Engagement has ended. |

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| | | prices." According to a ChinaDaily.com report in December 2007, the Iranian Oil Ministry awarded a USD2-billion contract for engineering services at the Yadavaran oilfield to Sinopec, along with 51 percent ownership of the project. This will be carried out in two subsequent phases of four and three years, respectively. | |
| 30 | SINOPEC Kanton Holdings Ltd.<br><br>Hong Kong | Sinopec Kantons Holdings is a publicly traded subsidiary of China Petroleum & Chemical Corp., which has equity ties to Iran's oil industry. | As of October 2010, SINOPEC Kanton is no longer a CalPERS portfolio holding.<br><br>Engagement has ended. |